

CHAPTER 4

BENEFITS

DEATHS

- 1) In the event of the death of an active employee, the Retirement Office **must be advised immediately by telephone followed by a completed Notification of Death Form and a Non-Contributing Members Form.**

The Retirement Office will provide the beneficiary/beneficiaries information to assist them in deciding how to take payment of the death benefit due. The beneficiary has only 60 days after the death of the employee to elect a payment option. Therefore, the sooner the information can be provided, the longer the beneficiary will have to study the various options available. If a payment option is not elected within 60 days after the date of death, a lump sum of the account will automatically be paid to the designated beneficiary/beneficiaries.

- 2) To provide the necessary information to the beneficiary/beneficiaries, this office needs:
 - a) The date of death of the employee.
 - b) The name/names of the designated beneficiary/beneficiaries. (This will be verified with the beneficiary designation on file in our office).
 - c) The date of birth of the beneficiary/beneficiaries.
 - d) Current mailing address of the beneficiary/beneficiaries.
- 3) You are responsible for preparing and forwarding the Notification of Death Form to the Retirement Office.

The form is to be completed in duplicate. The original is to be forwarded to the Retirement Office with a certified copy of the death certificate. The duplicate is to be retained for your files.

When preparing the Notification of Death Form, the following guidelines must be followed:

- a) Indicate the name and social security number of the deceased employee in the appropriate spaces.
- b) List the beneficiaries' name and complete mailing address. Only designated beneficiaries are eligible to receive payment.
- c) Provide the date of last paycheck issued to the member or beneficiary, which includes the date of payment of any unpaid wages and payment for accumulated vacation leave and sick leave pay.

- 5) When preparing the Non-Contributing Members Form, the following guidelines must be followed:
- a) Indicate the name and social security number of the deceased employee in the appropriate spaces.
 - b) Provide the final termination date (the last day worked), final pay date and gross pay dollar amount. The death payment is scheduled using the date of the last paycheck and final gross pay dollar amount, as furnished by your county. A death benefit will not be authorized by the Retirement Office until it has been determined that the last contribution on behalf of the member has been received. If the final paycheck is cancelled and an emergency warrant issued, please notify the Retirement Office immediately.
 - c) The death benefit payable will always be the total of the joint account.
- 6) Payment of the death benefit will be made directly to the designated beneficiary on file in the Retirement Office. If the designated beneficiary is a minor (under 19 years of age), contact the Retirement Office for instructions regarding further documentation needed.
- 7) The Internal Revenue Service requires us to file a report on IRS Form 1099R of all payments made during a calendar year. Our record keeper issues 1099Rs to all beneficiaries electing a lump sum distribution of the death benefit. This form indicates the amount which is taxable and the amount of employee contributions before 1-1-85 (non-taxable). The taxable portion is divided into capital gains (if any) and ordinary income.

If the beneficiary elects to receive payment of the death benefit in the form of a monthly annuity, they will also receive an IRS Form 1099R at the end of each taxable year.

If you are notified of the death of a “retired” plan member - please advise the Retirement Office.

SAMPLE FORM (SD)
Notification of Death

NON-CONTRIBUTING MEMBERS FORM

This form must be filled out for anyone that will be missing a contribution(s). If the employee is on a leave of absence, military leave, workman's comp, family medical leave or when the member quits working for any reason.

Since a member can only receive credit for a leave of absence due to military leave, family medical leave or disability, we must be advised of the reason for the leave and the beginning and ending dates. Leave of absences for reasons other than disability, family medical leave and military will; require an adjustment be made to the service and vesting dates. When the member returns to work please contact our office.

If the employee terminates or retires, you have **two weeks** from the date the employee ceases employment to submit this form to our office.

If the gross amount of the last paycheck is not available within a 2 week time period, we ask that you send in the form without the amount of the last paycheck and provide us with the information as soon as it becomes available.

Be very sure of the date of last paycheck issued to the member. The last paycheck means the check in which the member will receive final payment for any salary due, payment of accumulated vacation leave and sick leave pay.

Benefit payments are scheduled by the Retirement Office using the date of last paycheck that you provide.

The Retirement Office cannot authorize payment of any account until it has been determined that the last contribution on behalf of the member has been received.

Once we receive the Non-Contributing Members Form, we will mail a packet to the member with the paperwork he/she needs to elect how they wish the account to be disbursed.

SAMPLE FORM SRS-107C
Non-Contributing Members Form

RETIREMENT

An employee is eligible for retirement benefits on or after the age of 55 provided they are no longer working for the county. The Retirement Office needs you to provide us with a Non-Contributing Members Form.

Notification - The retirement statutes now require you notify our office within two weeks of the date any member ceases employment with the county. Please be sure to provide the employee's last known address. Based upon the information provided, our office will contact the employee regarding their retirement.

Forms - The Retirement Office will provide the employee with a disbursement packet upon receipt of the Non-Contributing Members Form. The disbursement packet we send will include a Request for Disbursement Form and a Special Tax Notice.

Retirement benefits will be paid in accordance with the option elected by the member.

The effective date of retirement will be the first of the month following the date they cease employment or returns the Request for Disbursement, whichever is later.

The member has the following options:

- A lump payment paid either directly to them or rolled over to another tax deferred qualified plan.
- A Systematic Withdrawal Option (the member would elect the amount they would like to receive and the payment period, leaving the balance of the account to remain invested as they choose until the account has been paid out in full).
- A monthly annuity benefit (proof of age is required).

Life Only Annuity - Income, payable monthly for as long as the member lives. Income ceases at the death of the member. No further benefits are payable.

Ten Years Certain & Continuous Annuity - Income, payable monthly, for as long as the member lives. If the member dies before 120 monthly payments have been received, income will continue to the member's beneficiary until 120 payments in all have been made.

Fifteen Years Certain & Continuous Annuity - Income, payable monthly, for as long as the member lives. If the member dies before 180 monthly payments have been received, income will continue to the member's beneficiary until 180 payments in all have been made.

Twenty Years Certain & Continuous Annuity - Income, payable monthly, for as long as the member lives. If the member dies before 240 monthly payments have been received, income will continue to the member's beneficiary until 240 payments in all have been made.

Full Cash Refund Annuity - Income, payable monthly, for as long as the member lives. If the member dies before the total monthly payments made equal the value of the total joint retirement account at retirement, the remaining balance will be paid in a lump sum to the member's beneficiary.

Payments For A Designated Period Of Time Annuity - Income, payable monthly, for a period of time that you designate. The period of time designated must be at least 5 years and no more than 20 years duration. Payments cease at the end of the designated period. If you die prior to receiving all payments due, payment will continue to your designated beneficiary until all payments in the designated period have been made.

Joint And Survivor Annuity - Income, payable monthly, for as long as the member and the member's spouse live. In the event of the death of either person, income continues for the same amount to the Survivor as long as the Survivor lives. **YOU MUST BE MARRIED AT THE TIME OF RETIREMENT TO ELECT THIS OPTION. IF YOU ARE INTERESTED IN THIS OPTION, YOU MUST ADVISE THIS OFFICE OF YOUR SPOUSE'S DATE OF BIRTH.**

- Defer payment until a later date (no later than age 70 1/2).
- **Combination of any of the above.**

Payments will be made directly to the member, unless they have elected direct deposit or are transferring the account to another tax-deferred plan.

The Internal Revenue Service requires the plan carrier to file a report of amounts paid during a calendar year. Members receiving any of the options

listed above will be issued an IRS Form 1099R at the end of each tax year. This form indicates the amount which is taxable and the amount of employee contributions before January 1, 1985 (non-taxable). The taxable portions is divided into capital gains (if any) and ordinary income.

A member electing a direct transfer will receive any pre-85 (after-tax) contributions paid directly to them. These contributions cannot be rolled over.

Proof of birth will be required only when the member elects to receive a monthly annuity.

A member may request direct deposit of their monthly retirement benefit. Forms are available through the Retirement Office.

Federal law requires income tax withholding from retirement annuity payments. Income tax on monthly retirement benefits is figured under the "safe harbor" method. A portion of each ,monthly payment will be excluded from taxation using a formula which considers age, and cost (contributions prior to 1/1/85), and the amount of the monthly benefit.

Our Annuity provider will furnish the member with an informational letter on taxes after benefits have begun. For additional information, we suggest contacting the Internal Revenue Service and/or a tax consultant.

Do not advise members when to expect payment.

TERMINATION OF EMPLOYMENT

Any member under the age of 55 is considered a terminating employee. If the member is not vested at the time they cease employment, they are eligible for only their portion of the account. If the member is 100% vested, they are entitled to the full account upon termination. Both non-vested and vested members have the same options upon ceasing employment:

Notification - The retirement statutes now require you notify our office within two weeks of the date any member ceases employment with the county. Please be sure to provide the employee's last known address. Based upon the information provided, our office will contact the employee regarding their retirement payment options.

Forms - The Retirement Office will provide the employee with a disbursement packet upon receipt of the Non-Contributing Members Form. The disbursement packet we send will include a Request for Disbursement Form and a Special Tax Notice.

The employee has the following options:

- A lump payment paid either directly to them or rolled over to another tax deferred qualified plan.
- A Systematic Withdrawal Option - (The member would elect the amount they would like to receive and the payment period, leaving the balance of the account to remain invested as they choose until the account has been paid out in full).
- A monthly annuity benefit (proof of age is required).

Life Only Annuity - Income, payable monthly for as long as the member lives. Income ceases at the death of the member. No further benefits are payable.

Ten Years Certain & Continuous Annuity - Income, payable monthly, for as long as the member lives. If the member dies before 120 monthly payments have been received, income will continue to the member's beneficiary until 120 payments in all have been made.

Fifteen Years Certain & Continuous Annuity - Income, payable monthly, for as long as the member lives. If the member dies before 180 monthly payments have been received, income will continue to the member's beneficiary until 180 payments in all have been made.

Twenty Years Certain & Continuous Annuity - Income, payable monthly, for as long as the member lives. If the member dies before 240 monthly payments have been received, income will continue to the member's beneficiary until 240 payments in all have been made.

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Payments For A Designated Period Of Time Annuity - Income, payable monthly, for a period of time that you designate. The period of time designated must be at least 5 years and no more than 20 years duration. Payments cease at the end of the designated period. If you die prior to receiving all payments due, payment will continue to your designated beneficiary until all payments in the designated period have been made.

Joint And Survivor Annuity - Income, payable monthly, for as long as the member and the member's spouse live. In the event of the death of either person, income continues for the same amount to the Survivor as long as the Survivor lives. **YOU MUST BE MARRIED AT THE TIME OF RETIREMENT TO ELECT THIS OPTION. IF YOU ARE INTERESTED IN THIS OPTION, YOU MUST ADVISE THIS OFFICE OF YOUR SPOUSE'S DATE OF BIRTH.**

- Defer payment until a later date (no later than age 70 1/2).
- Combination of any of the above.

Payments will be made directly to the member, unless they have elected direct deposit or are transferring the account to another tax-deferred plan.

The Internal Revenue Service requires the plan carrier to file a report of amounts paid during a calendar year. Members receiving any of the options listed above will be issued an IRS Form 1099R at the end of each tax year. This form indicates the amount which is taxable and the amount of employee contributions before January 1, 1985 (non-taxable). The taxable portions is divided into capital gains (if any) and ordinary income.

A member electing a direct transfer will receive any pre-85 (after-tax) contributions paid directly to them. These contributions cannot be rolled over.

Proof of birth will be required only when the member elects to receive a monthly annuity.

Do not advise members when to expect payment.

SAMPLE FORM SRS-115C
Request for Disbursement

PRIOR SERVICE

Details on the Prior Service benefit are covered in Sections 23-2333, 23-2334 and 23-2320, Nebraska Revised Statutes.

The following criteria must be followed:

1. **The Prior Service Benefit is the direct responsibility of the county.**
2. Each county must identify those employees entitled to a Prior Service Benefit and calculate the amount of the benefit due. **REMEMBER:** The maximum benefit payable is \$25.00, even though the employee may have more than 25 years of prior service.
3. The benefit cannot be paid to an employee until they have ceased employment and reached age 65. An employee may receive their Future Service retirement benefit and not be entitled to payment of the Prior Service benefit. This is because an employee may retire and begin his or her future service benefit through the Retirement Office anytime after their 55th birthday.

DETERMINING ELIGIBILITY

1. The individual must have been employed continuously for at least one year prior to the adoption of the Plan and have been at least 25 years old at that time.
2. For the majority of the counties, the date of adoption will be January 1, 1987.
3. For those counties who became members of the Plan before 1/1/87, the date of adoption will be the date your County Board formally adopted the plan.

If the employment and age requirements have been met, the employee must have made his/her first contribution to the Plan the first month that the county was required to report contributions. (Special rules apply to elected officials of those counties who became members of the Plan prior to 1/1/87.)

DETERMINING THE BENEFIT AMOUNT

The actual amount of the benefit due is determined by dividing the employee's compensation for the last completed 12 months of employment (prior to date of adoption) by 2400. If the result is 1 or more, the benefit will be \$1.00 x the number of completed years of continuous prior service with the county.

When calculating the prior service benefit, only full years can be used.
(January thru December)

Example #1 -

County adopts Plan - 11/17/71 Employee was born - 7/3/24 (age 47) Employee has been continuously employed since 9/1/50. Period of Prior Service - 9/1/50 to 11/16/71, a total of 19 years. Employee's compensation from 12/31/69 to 12/31/70 is \$9,650.32, \$9,650.32 divided by 2400=4.020967. The Prior Service benefit is \$1.00 x 19, or \$19.00 per month. Not payable until the employee ceases employment and is age 65, 7/3/89.

Example #2 -

County adopts Plan - 11/17/71 Official was born - 12/2/05 (age 65) Official has been in office since 1/4/63. Period of Prior Service - 1/4/63 to 11/16/71, a total of 8 years. Official's compensation from 12/31/69 to 12/31/70 is \$2,340. \$2,340.00 divided by 2400 = .975. The Prior Service benefit is \$.98 x 8, or \$7.84 x 11.54 or \$90.47, payable annually in advance, beginning when no longer working for the county.

Example #3 -

County adopts Plan - 1/1/87, employee was born - 8/30/32. Employee has been continuously employed since 5/15/57. Period of Prior Service - 5/15/57 to 12/31/86, a total of 28 years. Employee's compensation from 1/1/86 to 12/31/86 is \$11,383.20. \$11,383.20 divided by 2400 = 4.7430. The Prior Service benefit is \$1.00 x 25 (maximum # of years), \$25.00 per month.

PAYING AND REPORTING OF BENEFIT

1. You are required to report all Prior Service benefit payments to the Internal Revenue Service and the retiree on the Form 1099R.
2. The amount paid is fully taxable to the retiree receiving the benefit. Therefore, you must give that retiree the option of having Federal and State income tax withheld by their filing an IRS Form W4-P. If the retiree does not file a W4-P, you must withhold taxes as directed by current Federal and State regulations.
3. The Prior Service benefit **IS NOT** subject to Social Security withholding.
4. When a retired person returns to employment they should continue to receive the prior service benefit.

5. This benefit ends at the death of the member.

BENEFITS DUE TO TERMINATED EMPLOYEES

If an employee ceases employment before attaining age 55, they must have ten continuous years of employment immediately prior to their termination to be entitled to the prior service benefit when they reach age 65.

EMPLOYEES WHO TRANSFER FROM ONE COUNTY TO ANOTHER

An employee entitled to a Prior Service benefit from one county will not lose that benefit if they transfer employment from that county to another with no break in service.

The new county is responsible for the prior service benefit.

DISABILITY RETIREMENT

1. If an employee, who has not attained the age of 55, is required to cease employment for reasons of ill health, injury, mental impairment, etc., they have the right to apply for disability retirement.
 - a) The employee has one year from the time they cease employment to apply for disability benefits.
 - b) If they want to apply for this benefit they **should not** complete a Request for Disbursement Form, but should complete an Application for Disability Retirement Form.
2. In all cases the Retirement Office will correspond directly with the individual concerned.
3. Questions regarding disability retirement should not be answered at the county level, but should be referred to the Retirement Office.

MILITARY SERVICE CREDIT

At the time a military leave commences, you must notify the Retirement Office in writing of the leave of absence and expected length of the leave. As the employer, you may require that the member indicate in advance if he/she intends to make contributions for the military service upon their return to work. If such notification is received, a copy should be forwarded to the Retirement Office. This advance election will not be binding on the member.

Upon their return to work, an employee must notify the Retirement Office in writing within one year to make contributions for the military service. If no election is made within the year's time, the member will forfeit the right to make-up the contributions.

Once the election is received, you will be contacted to verify the beginning and ending dates of a member's military leave as well as the applicable salary. This information must be received before any payments can be made. The cost to the member will be the amount of contributions the member would have made had the member been continuously employed during the leave. For purposes of the member and employer contributions under this section, the member's salary during the period of military service shall be the rate the member would have received but for the military service, or if not reasonably determinable, the average rate the member received during the twelve-month period immediately preceding military service.

When a member has completed the make-up contributions, you will be billed for matching employer contributions. If the member chooses to use payroll deductions, the employer may match the member contribution month by month. No interest or late fees will be charged to the member or employer for the purchase of military service credit.

The deadline for making contributions for military service under federal law will apply. The deadline is three times the member's service in the military, not to exceed five years, counting from the end of the month following the date the leave began.

The member can elect to make the contributions for military service using payroll deductions, installment payments or an eligible rollover distribution.

VESTING CREDIT

Eligibility and vesting procedures for employees rejoining the retirement system:

- 1) If the employee has had a five-year break in service or retired prior to reemployment, the employee is treated the same as any other new employee and receives no eligibility or vesting credit for prior plan participation. The employee must complete at least twelve months of service before they are eligible to rejoin the plan.
- 2) If the employee did not have a five-year break in service or retire, the employee is to be reenrolled in the system immediately.
- 3) If the employee was vested at the time they ceased employment, they will again be vested in all employer contributions provided they return within five years.
- 4) If the employee was not vested at the time they ceased employment and they withdrew their funds, the employee will only receive credit towards the five-year vesting requirement based upon the years of prior participation if the employee repays the amount withdrawn from the employee account. The amount of credit granted is proportional to the amount repaid, e.g. employee had three years of prior plan participation, withdrew their portion of the account and repays only 50% of the amount withdrawn, employee receives 1.5 years of credit toward the five year vesting requirement. The employee must elect to repay within three years of rejoining the system and must complete repayment within five years of reemployment or prior to termination of employment, whichever occurs first. To the extent repayment is made, and after one year of service, the forfeited employer account is reinstated in the same ratio as account repaid (eg. 50% repaid, 50% of employer account is reinstated). The employer account is reinstated from the forfeiture account of the employer that received forfeited account.
- 5) If the employee did not withdraw their funds, the employee is granted credit towards the five years vesting requirement based upon years of prior participation e.g. three years of participation prior to break in service equals three years towards the five years needed to be vested upon rejoining the plan.

Eligibility and vesting credit for participation in “ANOTHER” Governmental Plan

- 1) A new employee that has participation in another **Nebraska governmental plan** should complete an application and submit the form to our office within 30 days of hire. If we do not receive the form within 30 days, it will not be accepted and the employee will have to complete at least 12 months of service before they can participate in the County plan. Vesting credit only applies to individuals that were and are employed full time. **(Note, the definition of “full-time employee” in the County plan means working 1/2 or more of the regularly scheduled hours during a pay period.)**
- 2) The employer **SHALL** provide each new employee an application form at the time of the employee’s initial employment, the receipt of which shall be acknowledged in writing by the employee. (Title 303, Chapter 22)
- 3) Once the information on the application has been verified and approved, the employee and the agency will be notified of the amount of vesting credit granted. The employee is to be immediately enrolled in the plan if they have at least 12 months of credit. If less than 12 months vesting credit is granted, it will be applied to the 12 months of service needed to join the plan. For employees that are eligible to join immediately, the Retirement office will provide the necessary forms to the employee after approval has been determined.

LEAVE OF ABSENCE

The Retirement Office must be notified when a member is on a leave of absence.

A Non-Contributing Members Form must be completed for any member who is on a leave without pay status. Since a member can only receive credit for a leave of absence due to military, disability or Family Medical Leave, we must be advised of the reason for the leave and the beginning and ending dates. Leave of Absences for reasons other than disability, military or Family Medical Leave will require an adjustment be made to the service and vesting dates.

When the member returns to work please contact our office.